



HEALTH QUARTERLY STATEMENT

AS OF JUNE 30, 2004
OF THE CONDITION AND AFFAIRS OF THE

CIGNA HealthCare of Maine, Inc.

NAIC Group Code	0901	0901	NAIC Company Code	95447	Employer's ID Number	01-0418220
	(Current Period)	(Prior Period)				
Organized under the Laws of	Maine			State of Domicile or Port of Entry	Maine	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [X] No []					
Date Incorporated	03/01/1986		Commenced Business	04/01/1987		
Statutory Home Office	2 Stonewood Drive			Freeport, ME 04032-0447		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	2 Stonewood Drive		Freeport, ME 04032-0447	207-865-5000		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	900 Cottage Grove Road		Hartford, CT 06152-1228			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	900 Cottage Grove Road		Hartford, CT 06152-1228	860-226-3402		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.cigna.com					
Statutory Statement Contact	Jeffrey Christopher McMeans			860-226-3402		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	Jeffrey.McMeans@cigna.com			860-226-6443		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	P.O. Box 447, 2 Stonewood Drive		Freeport, ME 04032-0447	800-244-6224		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Donald Michael Curry	President	Vincent Lewis Shreckengast	Vice President
David Mathew Porcello	Assistant Treasurer	Steven Todd Crooke	Assistant Secretary

OTHER OFFICERS

Leslie Neil Campbell	Vice President	Shawn Michael Fitzgibbon	Vice President
John Patrick Frey	Vice President	Glenn Michael Gerhard	Vice President
Robert Paul Hockmuth M.D.	Vice President	Barry Richard McHale	Vice President
Jeffrey Lynn Novak	Vice President	David Mathew Porcello	Vice President
Roberta Parker Schmidt	Vice President	Vincent Lewis Shreckengast	Vice President
Edward M. Tanida	Vice President	Bach Mai T. Thai	Vice President
Michael Richard Wise	Vice President	Chuie Lan Yuen M.D.	Vice President

DIRECTORS OR TRUSTEES

William Allen Schaffer M.D.	Vincent Lewis Shreckengast	Chuie Lan Yuen M.D.	
-----------------------------	----------------------------	---------------------	--

State ofConnecticut.....
County ofHartford..... ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Vincent Lewis Shreckengast
Vice President

Steven Todd Crooke
Assistant Secretary

David Mathew Porcello
Assistant Treasurer

Subscribed and sworn to before me this
_____ day of _____, 2004

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	31,515,697		31,515,697	39,417,922
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$2,889,402), cash equivalents (\$) and short-term investments (\$0)	2,889,402		2,889,402	2,364,547
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	34,405,099	0	34,405,099	41,782,469
11. Investment income due and accrued	488,111		488,111	594,923
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	1,650,710	112,791	1,537,919	4,943,693
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
12.3 Accrued retrospective premiums			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	419		419	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset	1,397,391	603,309	794,082	682,440
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Furniture and equipment, including health care delivery assets (\$)	146,781	146,781	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates			0	1,228,041
21. Health care (\$200,421) and other amounts receivable	1,355,498	1,155,077	200,421	1,230,632
22. Other assets nonadmitted	80,834	80,834	0	0
23. Aggregate write-ins for other than invested assets	240,000	240,000	0	21,849
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	39,764,843	2,338,792	37,426,051	50,484,047
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	39,764,843	2,338,792	37,426,051	50,484,047
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. OTHER LONG TERM ASSETS	240,000	240,000	0	0
2302. MISC RECEIPTS			0	21,849
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	240,000	240,000	0	21,849

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$59,004 reinsurance ceded)	.....11,462,414	.....669,285	.....12,131,699	.....18,100,465
2. Accrued medical incentive pool and bonus amounts .....	.....36,787		.....36,787	.....359,623
3. Unpaid claims adjustment expenses .....	.....591,367		.....591,367	.....1,673,220
4. Aggregate health policy reserves .....			.....0	.....0
5. Aggregate life policy reserves .....			.....0	.....0
6. Property/casualty unearned premium reserve .....			.....0	.....0
7. Aggregate health claim reserves .....			.....0	.....0
8. Premiums received in advance .....	.....691,446		.....691,446	.....851,605
9. General expenses due or accrued .....	.....94,035		.....94,035	.....353,707
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) .....	.....87,821		.....87,821	.....3,344,603
10.2 Net deferred tax liability.....			.....0	.....0
11. Ceded reinsurance premiums payable .....			.....0	.....0
12. Amounts withheld or retained for the account of others .....			.....0	.....0
13. Remittances and items not allocated .....			.....0	.....0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current) .....			.....0	.....0
15. Amounts due to parent, subsidiaries and affiliates .....	.....3,318,797		.....3,318,797	.....795,840
16. Payable for securities .....			.....0	.....0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers) .....			.....0	.....0
18. Reinsurance in unauthorized companies .....			.....0	.....0
19. Net adjustments in assets and liabilities due to foreign exchange rates .....			.....0	.....0
20. Liability for amounts held under uninsured accident and health plans .....			.....0	.....0
21. Aggregate write-ins for other liabilities (including \$2,108,287 current) .....	.....2,108,287	.....0	.....2,108,287	.....2,000,775
22. Total liabilities (Lines 1 to 21).....	.....18,390,954	.....669,285	.....19,060,239	.....27,479,838
23. Common capital stock	XXX	XXX	.....100	.....100
24. Preferred capital stock	XXX	XXX		.....0
25. Gross paid in and contributed surplus	XXX	XXX	.....3,738,169	.....3,738,169
26. Surplus notes	XXX	XXX		.....0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	.....0	.....0
28. Unassigned funds (surplus)	XXX	XXX	.....14,627,543	.....19,265,940
29. Less treasury stock, at cost:				
29.1 .....shares common (value included in Line 23) \$)	XXX	XXX		.....0
29.2 .....shares preferred (value included in Line 24) \$)	XXX	XXX		.....0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	.....18,365,812	.....23,004,209
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	.....37,426,051	.....50,484,047
DETAILS OF WRITE-INS				
2101. STATE TAXES PAYABLE.....	.....1,776,295		.....1,776,295	.....1,434,202
2102. STATE IMMUNIZATION ACCRUAL.....	.....227,636		.....227,636	.....429,740
2103. COMMISSIONS PAYABLE.....	.....57,650		.....57,650	.....0
2198. Summary of remaining write-ins for Line 21 from overflow page .....	.....46,706	.....0	.....46,706	.....136,833
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	.....2,108,287	.....0	.....2,108,287	.....2,000,775
2701. AVR - SURPLUS.....	XXX	XXX		.....0
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	.....0	.....0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	151,565	225,930
2. Net premium income (including non-health premium income).....	XXX	45,922,878	61,852,547
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	45,922,878	61,852,547
Hospital and Medical:			
9. Hospital/medical benefits		24,425,414	40,781,069
10. Other professional services		1,528,925	3,348,190
11. Outside referrals		1,781,328	2,740,855
12. Emergency room and out-of-area		1,737,957	2,352,802
13. Prescription drugs		5,209,446	6,598,333
14. Aggregate write-ins for other hospital and medical.....	0	0	(8,475)
15. Incentive pool, withhold adjustments and bonus amounts.....		(95,303)	(183,172)
16. Subtotal (Lines 9 to 15)	0	34,587,767	55,629,602
Less:			
17. Net reinsurance recoveries		18,228	450,503
18. Total hospital and medical (Lines 16 minus 17)	0	34,569,539	55,179,099
19. Non-health claims			0
20. Claims adjustment expenses, including \$ 1,298,438 cost containment expenses.....		1,773,549	1,807,377
21. General administrative expenses.....		2,876,627	4,657,112
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	39,219,715	61,643,588
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	6,703,163	208,959
25. Net investment income earned		917,227	793,783
26. Net realized capital gains (losses)		(169,415)	(1,080)
27. Net investment gains (losses) (Lines 25 plus 26)	0	747,812	792,703
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	835	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	7,451,810	1,001,662
31. Federal and foreign income taxes incurred	XXX	2,054,069	127,155
32. Net income (loss) (Lines 30 minus 31)	XXX	5,397,741	874,507
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. OTHER MEDICAL.....			(8,475)
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	(8,475)
2901. MISC INCOME.....		835	0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	835	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	23,004,209	21,712,363
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	5,397,741	5,396,815
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	410,359	(419,984)
39. Change in nonadmitted assets	(446,497)	1,211,536
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	0	(5,681,808)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		681,809
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	(10,000,000)	0
47. Aggregate write-ins for gains or (losses) in surplus	0	103,478
48. Net change in capital & surplus (Lines 34 to 47)	(4,638,397)	1,291,846
49. Capital and surplus end of reporting period (Line 33 plus 48)	18,365,812	23,004,209
DETAILS OF WRITE-INS		
4701. CHANGE IN AVR - SURPLUS.....		77,707
4702. KAISER STATE TAX.....		26,291
4703. CORRECTION OF PRIOR PERIOD.....		(520)
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	103,478

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	49,279,896	119,121,089
2. Net investment income	1,126,489	1,737,653
3. Miscellaneous income	0	4,925
4. Total (Lines 1 to 3)	50,406,385	120,863,667
5. Benefits and loss related payments	40,134,193	100,291,198
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	5,948,041	12,313,088
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	5,310,851	871,855
10. Total (Lines 5 through 9)	51,393,085	113,476,141
11. Net cash from operations (Line 4 minus Line 10)	(986,700)	7,387,526
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	7,799,775	890,792
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	23,888
12.7 Miscellaneous proceeds	0	32,060
12.8 Total investment proceeds (Lines 12.1 to 12.7)	7,799,775	946,740
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	14,586,967
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	169,415	24,763
13.7 Total investments acquired (Lines 13.1 to 13.6)	169,415	14,611,730
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	7,630,360	(13,664,990)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,681,808)
16.2 Capital and paid in surplus, less treasury stock.....	0	681,809
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	10,000,000	0
16.6 Other cash provided (applied).....	3,881,195	(2,409,623)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(6,118,805)	(7,409,622)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17)	524,855	(13,687,086)
19. Cash and short-term investments:		
19.1 Beginning of period	2,364,547	16,051,633
19.2 End of period (Line 18 plus Line 19.1)	2,889,402	2,364,547

STATEMENT AS OF JUNE 30, 2004 OF THE CIGNA HealthCare of Maine, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	32,392	33	32,359	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. First Quarter	24,990	27	24,963	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. Second Quarter	25,008	23	24,985										
4. Third Quarter .....	.0												
5. Current Year	0												
6. Current Year Member Months	151,565	155	151,410										
Total Member Ambulatory Encounters for Period:													
7. Physician	55,514	114	55,400										
8. Non-Physician	18,222	110	18,112										
9. Total	73,736	224	73,512	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	2,265		2,265										
11. Number of Inpatient Admissions	627	2	625										
12. Health Premiums Written	46,468,512	47,522	46,420,990										
13. Life Premiums Direct .....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	46,468,512	47,522	46,420,990										
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	40,854,141	41,787	40,812,354										
18. Amount Incurred for Provision of Health Care Services	34,587,767	35,372	34,552,395										

∞

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999 Aggregate Accounts Not Individually Listed-Uncovered						0
0399999 Aggregate Accounts Not Individually Listed-Covered	377,000	121,000	62,000	27,000	31,000	618,000
0499999 Subtotals	377,000	121,000	62,000	27,000	31,000	618,000
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	10,199,352
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	1,373,350
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	12,190,702
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	36,787

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	13,775,117	26,858,911	2,046,342	10,085,357	15,821,459	18,100,465
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	13,775,117	26,858,911	2,046,342	10,085,357	15,821,459	18,100,465
10. Other non-health .....					.0	.0
11. Medical incentive pools and bonus amounts	227,533		36,787		264,320	359,623
12. Totals	14,002,650	26,858,911	2,083,129	10,085,357	16,085,779	18,460,088

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of CIGNA HealthCare of Maine, Inc., (the Company), have been prepared in conformity with accounting practices prescribed or permitted by the State of Maine Department of Insurance.

The State of Maine Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of a Health Maintenance Organization (HMO), for determining its solvency under the State of Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Maine.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term Investments: No Change
- (2) Financial Instruments: No Change
- (3) Bonds: No Change
- (4) Common Stock: No Change
- (5) Preferred Stocks: No Change
- (6) Mortgage Loans: No Change
- (7) Loan-backed securities: No Change
- (8) The Company does not hold investments in any non-insurance companies.
- (9) Joint Ventures: No Change
- (10) Derivatives: No Change
- (11) Unpaid Losses and Loss Adjustment Expenses and Aggregate Policy Reserves: No Change
- (12) Provider Incentives and Other Risk Sharing Arrangements: The Company contracts with physicians or provider groups to provide medical services to their members. The Company pays capitation or negotiated fees for defined services provided by the physicians.
- (13) The Company and some of the physicians have entered into incentive sharing agreements. Under the terms of these agreements, certain providers are eligible to receive a provider bonus based on qualitative and quantitative factors. Accrued physician incentives were \$36,787 and \$359,623 at June 30, 2004 and December 31, 2003, respectively, and are included in accrued medical incentive pool and bonus payments in the accompanying Statement of Assets, Liabilities, and Capital and Surplus.

The Company and the physicians or provider groups have entered into risk sharing agreements. Under the terms of these agreements, various percentages of all fees potentially payable to the physicians are withheld. Based upon actual medical expenses compared to predetermined criteria, the amounts withheld from and paid to the participating physicians are adjusted. The withheld amounts are distributed subsequent to the risk sharing settlement date depending on the terms of the agreements.

2. Accounting Changes and Corrections of Errors

No Change

3. Business Combinations and Goodwill

- A. Statutory Purchase Method
No Change
- B. Statutory Merger
No Change
- C. Assumption Reinsurance
No Change

NOTES TO FINANCIAL STATEMENTS

- D. Impairment Loss
No Change

4. **Discontinued Operations**
No Change

5. **Investments**

- A. Mortgage Loans, including Mezzanine Real Estate Loans
No Change
- B. Debt Restructuring
No Change
- C. Reverse Mortgages
No Change
- D. Loan –Back Securities
No Change
- E. Repurchase Agreements
No Change
- F. Real Estate
No Change

6. **Joint Ventures, Partnerships and Limited Liability Companies**
No Change

7. **Investment Income**
No Change

8. **Derivative Instruments**
No Change

9. **Income Taxes**

The Company and its Parent are included in the consolidated federal income tax return filed by CIGNA Corporation (CIGNA). The Company's federal income tax return is combined with the entities noted on Schedule Y – Part I – Organizational Chart.

The method of allocation between the companies is subject to written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled quarterly.

10. **Information Concerning Parent, Subsidiaries and Affiliates**

A., B.

& C. The Company paid cash dividends of \$10,000,000 on June 11, to the Parent Company, Healthsource Inc. (HSI).

CHC charged the Company \$6,375,282 and \$7,829,421 in administrative service fees and fees for other services for the six months ended June 30, 2004 and 2003, respectively. The allocation of expenses is based on the ratio of the respective expense category to total expenses at the parent company level. The Company also earned \$10,639 and \$6,241 in interest charges from CHC for the six months June 30, 2004 and 2003, respectively.

CIGNA Behavioral Health, Inc. (CBH) is an affiliate of the Company. The Company pays CBH a capitation fee to provide mental health and substance abuse services to its members. The expense relating to this contract for the six months ended June 30, 2004 and 2003 was \$566,979 and \$1,845,485, respectively. Beginning April 1, 2003, the Company also began paying CBH an operating expense charge in connection with CBH's Member Assistance Program. The expense relating to this program was \$75,348 for the six months ended June 30, 2004.

International Rehabilitation Associates, Inc. d/b/a Intracorp (Intracorp), is an affiliate of the Company. The Company pays Intracorp a capitation fee for utilization management, case management, demand management, disease management, care management and other services to its members. The expense relating to these services for the six months ended June 30, 2004 and 2003 was \$251,709 and \$212,279, respectively.

CHC charged the Company \$30,913 and \$20,630 for the six months ended June 30, 2004 and 2003, respectively, for liability insurance. This program provides protection against liabilities imposed on the Company from allegations of negligence stemming from the management of health care activities. The liabilities are imposed as a result of the Company's management of health care activities and networks and not as a result of the direct medical services provided by third party, independent providers. Traditionally, providers carry their own medical malpractice

NOTES TO FINANCIAL STATEMENTS

insurance for any exposure they incur from providing direct medical services. The policy is primarily on claims made basis and covers incidents occurring from January 1, 1986 for which claims are presented during the current policy period. Effective January 1, 2001, CHC arranged for full claims made coverage with Lloyds of London. Liability coverage is limited to \$15 million per claim with no annual threshold.

- D. At June 30, 2004 and December 31, 2003, the Company reported \$3,318,797 and \$(432,201), respectively, as amounts due to (from) CHC, an affiliate. The terms of the settlement require that these amounts be settled within 30 days.
- E. No Change
- F. No Change
- G. No Change
- H. No Change
- I. No Change
- J. No Change

11. Debt

- A. Capital Notes
No Change
- B. All Other Debt
As a result of the 2003 audited financial statements, the Company recorded paid in surplus of \$681,808 for the portion of accrued interest forgiven that had been recognized in net investment income prior to the effective date of Codification. The forgiveness of interest had been recorded as net investment income in the December 31, 2003 Annual Statutory Statements.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
No Change
- B. Defined Contribution Plan
No Change
- C. Multiemployer Plans
No Change
- D. Consolidated/Holding Company Plans

The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by CIGNA. The Company provides retirement benefits to substantially all eligible employees through a single integrated plan (the Plan) sponsored by CIGNA. The Company's policy for the Plan is to fund at least the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA). Pension expense was \$172,576 and \$47,871 for the six months ended June 30, 2004 and 2003, respectively.

In addition, the Company provides certain other postretirement benefits to retired employees, spouses and other eligible dependents through a plan sponsored by CIGNA. The Company has no legal obligation for benefits under these plans. CIGNA allocates amounts to the Company based on salary ratios. CIGNA and its participating subsidiaries make contributions to these plans as claims are incurred, and for the six months ended June 30, 2004 and 2003, the Company's contributions were \$37,779 and \$47,994, respectively. The Company's unfunded postretirement benefit obligation amounted to \$401,250 and \$332,104 for the six months ended June 30, 2004 and 2003.

CIGNA may elect to increase its matching contribution's if CIGNA's annual performance meets certain targets. The Company's expense for such plans was \$54,136 and \$15,017 for six months ended June 30, 2004 and 2003, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganization

- (1) No Change
- (2) No Change
- (3) No Change

NOTES TO FINANCIAL STATEMENTS

(4) No Change

(5) No Change

(6) No Change

(7) No Change

(8) No Change

(9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

- a. unrealized gains and losses: \$_____ 0
- b. non-admitted asset values: \$2,338,792
- c. provision for reinsurance: \$_____ 0

(10) No Change

(11) & (12) No Change

14. Contingencies

(1) Regulatory and Industry Developments:

The Company's businesses are subject to a changing social, economic, legal, legislative and regulatory environment. Some current issues that may affect CIGNA's businesses include:

- initiatives to increase health care regulation;
- efforts to expand tort liability of health plans;
- class action lawsuits targeting health care companies, including CIGNA;
- initiatives to restrict insurance pricing and the application of underwriting standards; and
- efforts to revise federal tax laws, including the federal tax treatment of dividends and of savings vehicles currently offered as employee benefits.

(2) Health Care Regulation:

Federal and state legislatures, administrative agencies and courts continue efforts to increase regulation of the health care industry and change its operational practices. Regulatory and operational changes could have an adverse effect on the Company's health care operations if they reduce marketplace competition and innovation or result in increased medical or administrative costs without improving the quality of care. Debate at the federal level over "managed care reform" and "patients' bill of rights" legislation, focusing on questions regarding liability, is expected to continue.

Privacy regulations under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 cover all aspects of the health care delivery system, and address the use and disclosure of individually identifiable health care information. Compliance with the privacy regulations is required by April 2003. In addition to the privacy regulations, HIPAA establishes national electronic transaction standards, which apply to health insurers, providers and other covered-entities. They are intended to improve the efficiency and effectiveness of the nation's health care system by encouraging the widespread use of electronic data interchange. CIGNA implemented these standards by October 2003.

Regulations issued in February 2003 set standards for the security of electronic health information, and must be implemented by CIGNA by April 2005. CIGNA has implemented certain security measures and planned others in anticipation of these rules. Other proposed HIPAA regulations include standards for the assignment of a unique national identifier for each health plan and provider and requirements for a unique national identifier for employer groups. CIGNA has commenced significant systems enhancements, training and administrative efforts to satisfy these requirements. *Incremental technology and business-related expenses associated with CIGNA's compliance efforts were approximately \$20 million after-tax in 2002.*

Other possible regulatory changes that could have an adverse effect on CIGNA's health care operations include:

- additional mandated benefits or services that increase costs without improving the quality of care;
- narrowing of the Employee Retirement Income Security Act of 1974 (ERISA) preemption of state laws;
- changes in ERISA regulations resulting in increased administrative burdens and costs;
- additional restrictions on the use of prescription drug formularies;
- additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease management;
- additional rules establishing the time periods for payment of health care provider claims that vary from state to state; and
- legislation that would exempt independent physicians from antitrust laws.

The health care industry is under increasing scrutiny by various state and federal government agencies and could be subject to government efforts to bring criminal actions in circumstances that could previously have given rise only to civil or administrative proceedings.

(3) Litigation and Other Legal Matters:

NOTES TO FINANCIAL STATEMENTS

CIGNA and several health care industry competitors were named as defendants in federal and state purported class action lawsuits. A Florida federal court certified a class of health care providers who allege violations under the Racketeer Influenced and Corrupt Organizations Act and ERISA. CIGNA and the other defendants have appealed that decision. The Florida federal court denied class certification to health plan subscribers, and the plaintiffs have not filed an appeal of that decision.

A settlement agreement was preliminarily approved in the provider case on September 4, 2003. On December 18, 2003, the Court held a Fairness Hearing regarding the settlement. A an order approving the settlement was signed by the judge on February 2, 2004; the parties filed a joint motion to clarify certain minor errors in the order on February 9, 2004. Once the judge signs the clarified order, a 30 day appeal period begins. If no appeal occurs, the order becomes final at the end of that period. The agreement will encompass most of the claims brought on behalf of health care providers asserted in other state and federal jurisdictions. In connection with this matter, the Company recognized a pre-tax charge of \$294,408 in the fourth quarter of 2002 for expected costs associated with health care provider class action litigation. The company recognized an additional charge of \$207,557 in 2003.

CIGNA is routinely involved in numerous lawsuits and other legal matters arising, for the most part, in the ordinary course of the business of administering and insuring employee benefit programs. An increasing number of claims are being made for substantial non-economic, extra-contractual or punitive damages. The outcome of litigation and other legal matters is always uncertain, and outcomes that are not justified by the evidence can occur. CIGNA believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to CIGNA's consolidated results of operations, liquidity or financial condition.

15. **Leases**
No Change

16. **Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk**
No Change

17. **Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**
 - A. Transfers of Receivables Reported as Sales
None

 - B. Transfer and Servicing of Financial Assets
None

 - C. Wash Sales
None

18. **Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**
 - A. ASO Plan:

The Company contracts with CGLIC, an affiliated company, to administer an indemnity-based managed care product called FlexCare. FlexCare is offered to employers on an insured or self-insured funding basis. CGLIC, in the case of insured plans, and employers that contracted with CGLIC, in the case of self-insured plans, are responsible to the Company for the payment of charges by providers for covered services rendered to employees. The Company also receives an administrative fee for the use of its provider network by CGLIC or self-insured employers. Administrative fees of \$4,428,495 and \$4,957,384 for the periods ended June 30, 2004 and 2003, respectively, are included as a reduction of administrative expenses in the accompanying Statement of Revenues and Expenses. In 2004, the Company began receiving additional administrative fees from CGLIC to cover all FlexCare expenses and did not show a gain or loss from ASO operations.

Total claim payment volume for the six months ended June 30, 2004 was \$42,250,478

 - B. ASC Plan
No Change

 - C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:
No Change

19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**
No Change

20. **September 11 Events**
No Change

NOTES TO FINANCIAL STATEMENTS

21. Other Items

- A. Extraordinary Items
No Change
- B. Troubled Debt Restructuring
No Change
- C. Other Disclosures
No Change
- D. No Change
- E. Noncash Transactions
No Change
- F. Business Interruption Insurance Recoveries
No Change

22. Events Subsequent

No Change

23. Reinsurance

- A. Ceded Reinsurance Report
Section 1 — General Interrogatories
No Change

Section 2 – Ceded Reinsurance Report – Part A
No Change

Section 3 – Ceded Reinsurance Report – Part B
No Change
- B. Uncollectible Reinsurance
No Change
- C. Commutation of Ceded Reinsurance
No Change

24. Retrospectively Rates Contracts & Contracts Subject to Redetermination

No Change

25. Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims and claim adjustment expenses attributable to insured events of prior two years has decreased by \$2,374,310 from \$264,995,259 in 2003 to \$262,620,949 in 2004, as a result of re-estimation of unpaid claims and claim adjustment expenses principally on Commercial lines of insurance. This increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

No Change

27. Structured Settlements

No Change

28. Health Care Receivables

- A. Pharmaceutical Rebate Receivables
No Change
- B. Risk Sharing Receivables

The financial statements shall disclose the method used by the reporting entity to estimate its risk sharing receivables. To the extent that receivable and payable with the same provider are netted, the reporting entity shall disclose the gross receivable and payable balances. For the most recent three years, the reporting entity shall disclose the following:

NOTES TO FINANCIAL STATEMENTS

- (1) Estimated balance of risk sharing receivables as reported on the prior year financial statements for evaluation periods ending in the current year;
- (2) Estimated balance of risk sharing receivables as reported on the financial statements for evaluation periods ending in the current year and the following year;
- (3) Risk sharing receivables billed as determined after the annual evaluation period;
- (4) Risk sharing receivables not yet billed; and
- (5) Amounts received from providers as payments under risk sharing contracts.

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received – All Other
2004	2003		83,529		83,529				
	2004		63,594		63,594				
2003	2002		861,201	861,201					
	2003		13,317				797,253		
2002	2002		1,660,365	247,642		97,102	140,326		
2001	2001	4,971,836	2,280,583	3,217,912		771,505	2,417,685		

29. Participating Policies
No Change
30. Premium Deficiency Reserves
No Change
31. Anticipated Salvage and Subrogation
No Change
32. Organization and Operation
No Change
33. Minimum Net Worth
No Change

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ☐ No ☒
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☒ No ☐
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ☒ No ☐
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 3.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☒ No ☐

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/21/2004
- 7.4

By what department or departments?

Maine Bureau of Insurance
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 8.2

If yes, give full information:
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☐
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES
INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]
10.2 If yes, explain:
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

13. Amount of real estate and mortgages held in short-term investments:\$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-term Investments	\$	\$
14.25 Mortgages, Loans or Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
JPMorgan Chase.....	3 Chase MetroTech Center N. American Insurance Group, 6th Floor Brooklyn, NY 11245.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	39,417,922	25,902,168
2. Cost of bonds and stocks acquired		14,586,967
3. Accrual of discount	5,819	11,158
4. Increase (decrease) by adjustment		0
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal	(169,415)	0
7. Consideration for bonds and stocks disposed of	7,630,360	890,792
8. Amortization of premium	108,269	191,579
9. Book/adjusted carrying value, current period	31,515,697	39,417,922
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	31,515,697	39,417,922
12. Total nonadmitted amounts		0
13. Statement value	31,515,697	39,417,922

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	39,109,251		7,799,775	(45,459)	39,109,251	31,264,017	.0	39,165,854
2. Class 2	251,882			(202)	251,882	251,680	.0	252,068
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	39,361,133	0	7,799,775	(45,661)	39,361,133	31,515,697	0	39,417,922
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	39,361,133	0	7,799,775	(45,661)	39,361,133	31,515,697	0	39,417,922

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter				
	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Interest Collected Year To Date
				5 Paid for Accrued Interest Year To Date
8299999 Totals		XXX		

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned		
	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of short-term investments acquired		17,928,286
3. Increase (decrease) by adjustment		24,763
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		(875)
6. Consideration received on disposal of short-term investments		17,952,174
7. Book/adjusted carrying value, current period	0	0
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	0	0
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	0	0
12. Income collected during period		24,763
13. Income earned during period		24,763

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S

NONE

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

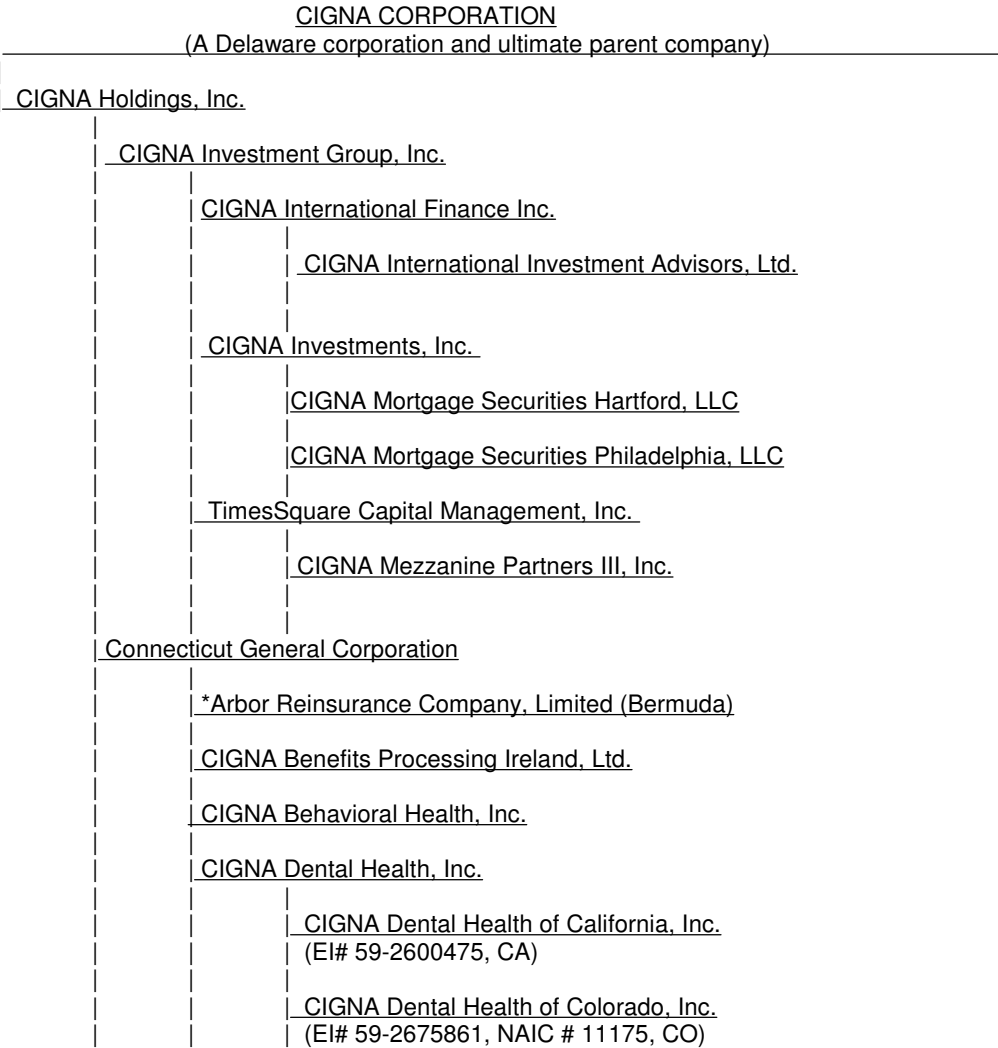
States, Etc.		1	2	Direct Business Only Year-to-Date					
		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefit Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/ Casualty Premiums
1. Alabama	AL								
2. Alaska	AK								
3. Arizona	AZ								
4. Arkansas	AR								
5. California	CA								
6. Colorado	CO								
7. Connecticut	CT								
8. Delaware	DE								
9. District of Columbia	DC								
10. Florida	FL								
11. Georgia	GA								
12. Hawaii	HI								
13. Idaho	ID								
14. Illinois	IL								
15. Indiana	IN								
16. Iowa	IA								
17. Kansas	KS								
18. Kentucky	KY								
19. Louisiana	LA								
20. Maine	ME	No	Yes	46,468,512					
21. Maryland	MD								
22. Massachusetts	MA								
23. Michigan	MI								
24. Minnesota	MN								
25. Mississippi	MS								
26. Missouri	MO								
27. Montana	MT								
28. Nebraska	NE								
29. Nevada	NV								
30. New Hampshire	NH								
31. New Jersey	NJ								
32. New Mexico	NM								
33. New York	NY								
34. North Carolina	NC								
35. North Dakota	ND								
36. Ohio	OH								
37. Oklahoma	OK								
38. Oregon	OR								
39. Pennsylvania	PA								
40. Rhode Island	RI								
41. South Carolina	SC								
42. South Dakota	SD								
43. Tennessee	TN								
44. Texas	TX								
45. Utah	UT								
46. Vermont	VT								
47. Virginia	VA								
48. Washington	WA								
49. West Virginia	WV								
50. Wisconsin	WI								
51. Wyoming	WY								
52. American Samoa	AS								
53. Guam	GU								
54. Puerto Rico	PR								
55. U.S. Virgin Islands	VI								
56. Canada	CN								
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)		XXX	(a) 1	46,468,512	0	0	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798. Summary of remaining write-ins for Line 57 from overflow page				0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

PART 1 - ORGANIZATIONAL CHART

The following is a listing identifying and indicating the interrelationships among all affiliated insurers (identified by an asterisk, and if such insurer is incorporated in the United States of America, by a Federal Employer Identification Number, NAIC Company Code and Jurisdiction of Incorporation) and all other affiliates, except that no non-insurer affiliate or alien insurer affiliate is listed unless either its total assets, as of December 31, 2003, are equal to one-half of one percent (0.5%) of the total assets of Connecticut General Life Insurance Company, which is the largest affiliated insurer, or such non-insurer or alien had activities reported in Part 2:



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

19.1

	<u>CIGNA Dental Health of Delaware, Inc.</u> (EI# 59-2676987, NAIC # 95380, DE)
	<u>CIGNA Dental Health of Florida, Inc.</u> (EI# 59-1611217, NAIC # 52021, FL)
	<u>CIGNA Dental Health of Kansas, Inc.</u> (EI# 59-2625350, NAIC # 52024, KS)
	<u>CIGNA Dental Health of Kentucky, Inc.</u> (EI# 59-2619589, NAIC # 52108, KY)
	<u>CIGNA Dental Health of Maryland, Inc.</u> (EI# 59-2740468, NAIC # 48119, DE)
	<u>CIGNA Dental Health of Missouri, Inc.</u> (EI#06-1582068, NAIC # 11160, MO)
	<u>CIGNA Dental Health of New Jersey, Inc.</u> (EI# 59-2308062, NAIC # 11167,NJ)
	<u>CIGNA Dental Health of New Mexico, Inc. (license surrendered 3/1/04)</u> (EI# 95-4452999, NAIC # 47001, NM)
	<u>CIGNA Dental Health of North Carolina, Inc.</u> (EI# 56-1803464, NAIC # 95179, NC)
	<u>CIGNA Dental Health of Ohio, Inc.</u> (EI# 59-2579774, NAIC # 47805, OH)
	<u>CIGNA Dental Health of Pennsylvania, Inc.</u> (EI# 52-1220578, NAIC # 47041, PA)
	<u>CIGNA Dental Health of Texas, Inc.</u> (EI# 59-2676977, NAIC # 95037, TX)
	<u>CIGNA Dental Health of Virginia, Inc.</u> (EI# 52-2188914, NAIC # 52617, VA)
	<u>CIGNA Dental Health Plan of Arizona, Inc.</u> (EI# 86-0807222, NAIC # 47013, AZ)
	<u>CIGNA Financial Partners, Inc.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

19.2

	<u>CIGNA Health Corporation</u>
	<u>Healthsource, Inc.</u>
	<u>CIGNA HealthCare of Arizona, Inc.</u> (EI# 86-0334392, NAIC#95125, AZ)
	<u>CIGNA Community Choice, Inc.</u>
	<u>CIGNA HealthCare of California, Inc.</u> (EI# 95-3310115, CA)
	<u>CIGNA HealthCare of Colorado, Inc.</u> (EI# 84-1004500, NAIC # 95604, CO)
	<u>CIGNA HealthCare of Connecticut, Inc.</u> (EI# 06-1141174, NAIC # 95660, CT)
	<u>CIGNA HealthCare of Delaware, Inc.</u> (EI# 52-1347731, NAIC # 95544, DE)
	<u>CIGNA HealthCare of Florida, Inc.</u> (EI# 59-2089259, NAIC # 95136, FL)
	<u>CIGNA HealthCare of Illinois, Inc.</u> (EI# 36-3385638, NAIC # 95602, DE)
	<u>CIGNA HealthCare of Maine, Inc.</u> (EI# 01-0418220, NAIC # 95447, ME)
	<u>CIGNA HealthCare of Massachusetts, Inc.</u> (EI# 02-0402111, NAIC # 95220, MA)
	<u>CIGNA HealthCare Mid-Atlantic, Inc.</u> (EI# 52-1404350, NAIC # 95599, MD)
	<u>CIGNA HealthCare of New Hampshire, Inc.</u> (EI# 02-0387749, NAIC # 95493, NH)
	<u>CIGNA HealthCare of New Jersey, Inc.</u> (EI# 22-2720890, NAIC # 95500, NJ)
	<u>CIGNA HealthCare of Ohio, Inc.</u> (EI# 31-1146142, NAIC # 95209, OH)
	<u>CIGNA HealthCare of Pennsylvania, Inc.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

19.3

			(EI# 23-2301807, NAIC # 95121, PA)
			<u>CIGNA HealthCare of St. Louis, Inc.</u> (EI# 36-3359925, NAIC # 95635, MO)
			<u>CIGNA HealthCare of Utah, Inc.</u> (EI# 62-1230908, NAIC # 95518, UT)
			<u>CIGNA HealthCare of Virginia, Inc.</u> (EI# 54-1252797, NAIC # 96563, VA)
			<u>Healthsource South, Inc. (NH)</u>
			<u>CIGNA HealthCare of Georgia, Inc.</u> (EI# 58-1641057, NAIC # 96229, GA)
			<u>CIGNA HealthCare of Texas, Inc.</u> (EI# 74-2767437, NAIC # 95383, TX)
			<u>* CIGNA Insurance Group, Inc.</u> (EI# 02-0441070, NAIC # 87980, NH)
			<u>Healthsource Indiana, Inc.</u>
			<u>CIGNA HealthCare of Indiana, Inc.</u> (EI# 35-1679172, NAIC # 95525, IN)
			<u>Healthsource Management, Inc.</u>
			<u>CIGNA HealthCare of New York, Inc.</u> (EI# 11-2758941, NAIC # 95488, NY)
			<u>CIGNA HealthCare of Tennessee, Inc.</u> (EI# 62-1218053, NAIC # 95606, TN)
			<u>Healthsource Health Plans, Inc.</u>
			<u>CIGNA HealthCare of North Carolina, Inc.</u> (EI# 56-1479515, NAIC # 95132, NC)
			<u>CIGNA HealthCare of North Carolina Administrators, Inc.</u>
			<u>Physicians' Health Systems, Inc.</u>
			<u>*CIGNA Insurance Services Company (72%)</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

				(remaining interest owned by Healthsource Management, Inc.) (EI# 57-0937292, NAIC # 63405, SC)
				<u>*CIGNA HealthCare of South Carolina, Inc.</u> (EI# 06-1185590, NAIC # 95708, SC)
				<u>*Temple Insurance Company Limited</u> (Bermuda)
				<u>*CIGNA Life Insurance Company of Canada</u> (Canada)
				<u>*CIGNA Life Insurance Company of New York</u> (EI# 13-2556568, NAIC # 64548, NY)
				<u>CIGNA Vision Care, Inc.</u>
				<u>*Connecticut General Life Insurance Company</u> (EI# 06-0303370, NAIC # 62308, CT)
				<u>CG Alhambra, LLC</u>
				<u>CG Ballston, LLC</u>
				<u>CG Gillette Ridge, LLC</u>
				<u>CG Merrick, LLC</u>
				<u>C G Pinnacle, L.L.C.</u>
				<u>CG Wacker Drive, L.L.C.</u>
				<u>CIGNA Dulles Town, L L C</u>
				<u>CIGNA Retirement Benefits Services, Inc.</u>
				<u>Congen Properties, Inc.</u>
				<u>CORAC, LLC</u>
				<u>CORAC Nashville, LLC</u>
				<u>Houston Properties L.L.C.</u>

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

19.5

		<u>KCI Investment Company L.L.C.</u>
		<u>International Rehabilitation Associates, Inc. d/b/a INTRACORP</u>
		<u>*Life Insurance Company of North America</u> (EI# 23-1503749, NAIC # 65498, PA)
		<u>*CIGNA & CMC Life Insurance Company Limited (China) (50%)</u> (remaining interests owned by unaffiliated parties)
		<u>*LINA Life Insurance Company of Korea (Korea)</u>
		<u>Tel-Drug, Inc.</u>
		<u>CIGNA Global Holdings, Inc.</u>
		<u>*CIGNA Global Reinsurance Company, Ltd. (Bermuda)</u>
		<u>CIGNA Holdings Overseas, Inc.</u>
		<u>* CIGNA Life Insurance Company of Europe S.A.-N.V. (Belgium) (99.998%)</u> (remaining interest owned by CIGNA Global Holdings, Inc.)
		<u>*CIGNA Europe Insurance Company S.A.-N.V. (Belgium) (99.999%)</u> (remaining interest owned by CIGNA Holdings Overseas, Inc.)
		<u>*CIGNA Seguradora S.A. (Brazil) (85.59%)</u> (remaining interest owned by CIGNA Brasil Participacoes, Ltda.)
		<u>*CIGNA Life Insurance New Zealand Limited (New Zealand)</u>
		<u>*CIGNA Argentina Compania de Seguros S.A. (Argentina) (99.17%) (sold 3/10/04)</u>
		<u>*Empresa Guatemalteca CIGNA de Seguros. Sociedad Anonima (Guatemala) (97.375%)</u> (remaining interest owned by unaffiliated parties)
		<u>Inversiones CIGNA Limitada (Chile)</u>
		<u>*CIGNA Compania de Seguros de Vida (Chile) S.A. (Chile) (98.64%)</u> (remaining interest owned by unaffiliated parties)

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

			<u>*CIGNA Worldwide Insurance Company</u> (EI# 23-2088429, NAIC # 90859, DE)
			<u>*CIGNA Global Insurance Company Limited (99%)</u> (remaining interest held by CIGNA Global Holdings, Inc.)
			<u>*PT. Asuransi CIGNA (Indonesia) (80%)</u> (remaining interest owned by unaffiliated parties)
			<u>*CIGNA STU S.A. (Poland) (7.03%)</u> (remaining interest owned by unaffiliated parties)
			<u>*Maxicare Healthcare Corp. (formerly known as Philippine Health Care Providers, Inc.) (Philippines) (30%)</u> (remaining interest owned by unaffiliated parties)

June 30, 2004

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

1. Will the SVO Compliance Certification be filed with this statement?

RESPONSE

.....YES.....

Explanation:

Bar Code:

STATEMENT AS OF JUNE 30, 2004 OF THE CIGNA HealthCare of Maine, Inc.

OVERFLOW PAGE FOR WRITE-INS

MQ003 Additional Aggregate Lines for Page 03 Line 21.
*LIAB

2104.	ESCHEAT.....	23,872		23,872	0
2105.	MISCELLANEOUS PAYABLES.....	22,834		22,834	136,833
2106.	ASSET VALUATION RESERVE.....			0	0
2197.	Summary of remaining write-ins for Line 21 from Page 03	46,706	0	46,706	136,833

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

STATEMENT AS OF JUNE 30, 2004 OF THE CIGNA HealthCare of Maine, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																					
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
US BONDS-POLITICAL SUBDIVISIONS - 10 - COLORADO																					
472736-ZE-0...	JEFFERSON CNTY CO GO 6.500.....		..06/03/2004..	BEAR STEARNS (E) (F).....		.....2,113,398	.....1,800,000	.....2,223,360	.....2,188,849	.....	.....(18,718)	.....	.....(18,718)	.....	.....2,170,131	.....	.....(56,733)	.....(56,733)	.....56,225	..12/15/2011..	...1FE...
US BONDS-POLITICAL SUBDIVISIONS - 10 - COLORADO						.....2,113,398	.....1,800,000	.....2,223,360	.....2,188,849	.....0	.....(18,718)	.....0	.....(18,718)	.....0	.....2,170,131	.....0	.....(56,733)	.....(56,733)	.....56,225	....XXX	....XXX
US BONDS-POLITICAL SUBDIVISIONS - 10 - MAINE																					
914399-DT-4...	UNIVERSITY OF MAINE REV 5.375.....		..06/03/2004..	BEAR STEARNS (E) (F).....		.....5,501,550	.....5,000,000	.....5,702,400	.....5,644,311	.....	.....(30,080)	.....	.....(30,080)	.....	.....5,614,231	.....	.....(112,681)	.....(112,681)	.....206,788	..03/01/2012..	...1FE...
US BONDS-POLITICAL SUBDIVISIONS - 10 - MAINE						.....5,501,550	.....5,000,000	.....5,702,400	.....5,644,311	.....0	.....(30,080)	.....0	.....(30,080)	.....0	.....5,614,231	.....0	.....(112,681)	.....(112,681)	.....206,788	....XXX	....XXX
2499999 - Bonds - Political Subdivisions						.....7,614,948	.....6,800,000	.....7,925,760	.....7,833,160	.....	.....(48,797)	.....	.....(48,798)	.....	.....7,784,362	.....	.....(169,415)	.....(169,415)	.....263,013	....XXX	....XXX
US BONDS-SPECIAL REVENUES - 10 - DISTRICT OF COLUMBIA																					
254771-UK-2...	DISTRICT OF COLUMBIA HFA 6.750.....		..06/01/2004..	CALLED AT 100.....		.....15,412	.....15,000	.....15,900	.....15,444	.....	.....(32)	.....	.....(32)	.....	.....15,412	.....	.....	.....0	.....94	..06/01/2028..	...1FE...
US BONDS-SPECIAL REVENUES - 10 - DISTRICT OF COLUMBIA						.....15,412	.....15,000	.....15,900	.....15,444	.....0	.....(32)	.....0	.....(32)	.....0	.....15,412	.....0	.....0	.....0	.....94	....XXX	....XXX
3199999 - Bonds - Special Revenues						.....15,412	.....15,000	.....15,900	.....15,444	.....	.....(32)	.....	.....(32)	.....	.....15,412	.....	.....	.....	.....94	....XXX	....XXX
6099997 - Bonds - Part 4						.....7,630,360	.....6,815,000	.....7,941,660	.....7,848,604	.....	.....(48,829)	.....	.....(48,830)	.....	.....7,799,774	.....	.....(169,415)	.....(169,415)	.....263,107	....XXX	....XXX
6099999 - Total - Bonds						.....7,630,360	.....6,815,000	.....7,941,660	.....7,848,604	.....0	.....(48,829)	.....0	.....(48,830)	.....0	.....7,799,774	.....0	.....(169,415)	.....(169,415)	.....263,107	....XXX	....XXX
6599999 - Total - Preferred Stocks						.....0	.....XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	....XXX	....XXX
7299999 - Total - Common Stocks						.....0	.....XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	....XXX	....XXX
7399999 - Total - Preferred and Common Stocks						.....0	.....XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0	....XXX	....XXX
7499999 Totals						.....7,630,360	.....XXX	.....7,941,660	.....7,848,604	.....0	.....(48,829)	.....0	.....(48,830)	.....0	.....7,799,774	.....0	.....(169,415)	.....(169,415)	.....263,107	....XXX	....XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF JUNE 30, 2004 OF THE CIGNA HealthCare of Maine, Inc.

SCHEDULE E - PART 1 - CASH

[illegible]